

**Village of Clarence**

Clarence, Louisiana

**Annual Financial Statements  
with Independent Auditor's Report**

**As of and For the Year Ended  
June 30, 2023  
with Supplemental Information Schedules**

**KENNETH D. FOLDEN & CO.**  
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As of and for the year ended June 30, 2023  
with Supplemental Information Schedules

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Village of Clarence  
 Annual Financial Statements  
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KENNETH D. FOLDEN & CO.

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**Independent Auditor's Report**

Village of Clarence  
Clarence, Louisiana

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Clarence, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village of Clarence's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Village of Clarence, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Clarence, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Clarence's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Clarence's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Clarence's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Clarence's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head; the Schedule of Compensation Paid Aldermen; and the Schedule of Justice System Funding Collecting/Disbursing Entity are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head; the Schedule of Compensation Paid Aldermen; and the Schedule of Justice System Funding Collecting/Disbursing Entity are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head; the Schedule of Compensation Paid Aldermen; and the Schedule of Justice System Funding Collecting/Disbursing Entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2023, on our consideration of the Village of Clarence's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village of Clarence's internal control over financial reporting and compliance.

*Kenneth D. Falden & Co., CPAs, LLC*

Jonesboro, Louisiana  
December 22, 2023

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART I**

# Village of Clarence

P. O. Box 309  
Clarence, LA 71414

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Village of Clarence's (hereafter referred to as the Village) annual financial report presents an overview and analysis of the Village's financial activities for the year ended June 30, 2023. The intent of the MD&A is to look at the Village's financial performance as a whole. It should therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Village's operations.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

#### Government-Wide Financial Statements

- The Statement of Net Position presents all of the Village's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the Village's net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.
- The Statement of Activities presents information showing how the Village's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

#### Fund Financial Statements

- The services provided by the Village are financed through both a governmental fund and an enterprise fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Village conducts its day-to-day operations through a governmental fund, the General Fund, and a business-type activity, the Village's water and sewer system.

#### *Governmental Activities*

- The Village's liabilities exceed its assets by \$24,542 for the year. This is an increase in its net deficit of \$20,979 from the prior year.
- Unrestricted net position of (\$24,542) represents the portion available to maintain the Village's obligation to both citizens and creditors. This is a decrease of \$20,979 from the prior year.

### *Business Type Activities*

The Utility System had a decrease in net position of \$50,714 for the year. For the prior year, the Water System had a decrease in net position of \$34,833.

#### General Fund Budgetary Highlights

At year end, actual revenues were \$3,269 more than budgeted revenues and expenditures were \$3,862 less than budgeted expenditures, however, budgeted transfers in from the Utility Fund in the amount of \$28,225 were not made.

#### Economic Factors and Next Year's Budget

The Village has prepared its FY 2023/2024 budget for the General Fund on the assumption that revenues and expenditures will not change significantly from 2022/2023. Both revenues and expenditures for the Utility Enterprise Fund should remain fairly constant during the next year.

#### Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 309, Clarence, LA 71414.

A Summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	As of June 30, 2023			As of June 30, 2022		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS:</b>						
Current Assets	\$ 8,580	\$ 86,092	\$ 94,672	\$ 21,285	\$ 16,280	\$ 37,565
Restricted Assets	-	6,951	6,951	-	5,023	5,023
Capital Assets, Net	-	1,646,551	1,646,551	1,078	1,727,701	1,728,779
Total Assets	<u>\$ 8,580</u>	<u>\$ 1,739,594</u>	<u>\$ 1,748,174</u>	<u>\$ 22,363</u>	<u>\$ 1,749,004</u>	<u>\$ 1,771,367</u>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 2,168	\$ 4,800	\$ 6,968	\$ 1,653	\$ 15,271	\$ 16,924
Cash Overdraft	12,508	-	12,508	-	-	-
Salaries Payable	4,100	-	4,100	3,300	-	3,300
Customer Deposits Payable	-	12,848	12,848	-	10,986	10,986
Deferred Income-ARP Funds	-	56,108	56,108	-	11,269	11,269
Payroll Tax Liability	14,346	18,233	32,579	19,895	13,159	33,054
Total Liabilities	<u>\$ 33,122</u>	<u>\$ 91,989</u>	<u>\$ 125,111</u>	<u>\$ 24,848</u>	<u>\$ 50,685</u>	<u>\$ 75,533</u>
<b>NET POSITION:</b>						
Net Investment in Capital Assets	\$ -	\$ 1,646,551	\$ 1,646,551	\$ 1,078	\$ 1,727,701	\$ 1,728,779
Unrestricted	(24,542)	1,054	(23,488)	(3,563)	(29,382)	(32,945)
Total Net Position	<u>\$ (24,542)</u>	<u>\$ 1,647,605</u>	<u>\$ 1,623,063</u>	<u>\$ (2,485)</u>	<u>\$ 1,698,319</u>	<u>\$ 1,695,834</u>

Summary of Statement of Activities

	For the year ended June 30, 2023			For the year ended June 30, 2022		
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>REVENUES:</b>						
Taxes, Licenses & Fees	\$ 90,319	\$ -	\$ 90,319	\$ 94,671	\$ -	\$ 94,671
Fines	13,074	191,725	204,799	9,340	153,543	162,883
Miscellaneous	1,526	-	1,526	5,468	1,412	6,880
Grant	448,998	44,811	493,809	-	78,235	78,235
Total Revenues	<u>\$ 553,917</u>	<u>\$ 236,536</u>	<u>\$ 790,453</u>	<u>\$ 109,479</u>	<u>\$ 233,190</u>	<u>\$ 342,669</u>
<b>EXPENSES:</b>						
General Government	\$ 575,286	\$ -	\$ 575,286	\$ 80,852	\$ -	\$ 80,852
Water/Sewer	-	286,860	286,860	-	294,089	294,089
Total Expenses	<u>\$ 575,286</u>	<u>\$ 286,860</u>	<u>\$ 862,146</u>	<u>\$ 80,852</u>	<u>\$ 294,089</u>	<u>\$ 374,941</u>
Interfund Transfers	\$ 390	\$ (390)	\$ -	\$ (26,066)	\$ 26,066	\$ -
Change in Net Position	<u>\$ (20,979)</u>	<u>\$ (50,714)</u>	<u>\$ (71,693)</u>	<u>\$ 2,561</u>	<u>\$ (34,833)</u>	<u>\$ (32,272)</u>

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Village of Clarence  
Statement of Net Position  
As of June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash & Cash Equivalents	\$ 60	\$ 73,136	\$ 73,196
Revenue Receivable	8,520	12,956	21,476
Total Current Assets	\$ 8,580	\$ 86,092	\$ 94,672
Non-current Assets:			
Restricted Assets			
Meter Deposits	\$ -	\$ 6,951	\$ 6,951
Capital Assets (net)	-	1,646,551	1,646,551
Total Noncurrent Assets	\$ -	\$ 1,653,502	\$ 1,653,502
Total Assets	\$ 8,580	\$ 1,739,594	\$ 1,748,174
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	\$ 2,168	\$ 4,800	\$ 6,968
Cash Overdraft	12,508	-	12,508
Salaries Payable	4,100	-	4,100
Total Current Liabilities	\$ 18,776	\$ 4,800	\$ 23,576
Non-current Liabilities			
Customer Deposits Payable	\$ -	\$ 12,848	\$ 12,848
Deferred Income-ARP Funds		56,108	56,108
Payroll Tax Payable	14,346	18,233	32,579
Total Noncurrent Liabilities	\$ 14,346	\$ 87,189	\$ 101,535
Total Liabilities	\$ 33,122	\$ 91,989	\$ 125,111
<b>NET POSITION:</b>			
Net Investment in Capital Assets	\$ -	\$ 1,646,551	\$ 1,646,551
Unrestricted	(24,542)	1,054	(23,488)
Total Net Position	\$ (24,542)	\$ 1,647,605	\$ 1,623,063

The accompanying notes are an integral part of these financial statements.

Village of Clarence  
Statement of Activities  
For the year ended June 30, 2023

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
General Government	\$ 117,354	\$ 39,208	\$ -	\$ (78,146)	\$ -	\$ (78,146)
Public Safety	10,012	13,074		3,062	-	3,062
Public Works	<u>\$ 448,998</u>	<u>\$ -</u>	<u>\$ 448,998</u>	-		
 Total Governmental Activities	 \$ 576,364	 \$ 52,282	 \$ 448,998	 \$ (75,084)	 \$ -	 \$ (75,084)
Business-Type Activities:						
Water/Sewer	<u>286,860</u>	<u>191,725</u>	<u>-</u>	<u>-</u>	<u>(95,135)</u>	<u>(95,135)</u>
 Total Government	 <u>\$ 863,224</u>	 <u>\$ 244,007</u>	 <u>\$ 448,998</u>	 <u>\$ (75,084)</u>	 <u>\$ (95,135)</u>	 <u>\$ (170,219)</u>
General Revenues:						
Taxes				\$ 51,111	\$ -	\$ 51,111
Federal Grant-ARP Funds					44,811	44,811
Miscellaneous				1,526	-	1,526
Interfund Transfers				<u>390</u>	<u>(390)</u>	<u>-</u>
 Total General Revenues				 <u>\$ 53,027</u>	 <u>\$ 44,421</u>	 <u>\$ 97,448</u>
 Change in Net Position				 \$ (22,057)	 \$ (50,714)	 \$ (72,771)
 Net Position, July 1, 2022				 <u>(2,485)</u>	 <u>1,698,319</u>	 <u>1,695,834</u>
 Net Position, June 30, 2023				 <u>\$ (24,542)</u>	 <u>\$ 1,647,605</u>	 <u>\$ 1,623,063</u>

The accompanying notes are an integral part of these financial statements.

# **FUND FINANCIAL STATEMENTS**

Village of Clarence  
Balance Sheet - Governmental Fund  
As of June 30, 2023

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash & Cash Equivalents	\$ 60
Accounts Receivable	<u>8,520</u>
Total Assets	<u>\$ 8,580</u>
 <b>LIABILITIES:</b>	
Accounts Payable	\$ 2,168
Cash Overdraft	12,508
Salaries Payable	4,100
Payroll Tax Payable	<u>14,346</u>
Total Liabilities	\$ 33,122
 <b>FUND BALANCE:</b>	
Unassigned	<u>(24,542)</u>
Total Liabilities and Fund Balance	<u>\$ 8,580</u>

The accompanying notes are an integral part of these financial statements.



Village of Clarence  
Statement of Revenues, Expenditures, and Changes in Fund Balance-  
Governmental Funds  
For the year ended June 30, 2023

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES:			
Licenses & Permits	\$ 12,973	\$ -	\$ 12,973
Taxes	51,111		51,111
Fines & Forfeits	13,074		13,074
Franchise Fees	26,235		26,235
Intergovernmental		448,998	448,998
Miscellaneous	<u>1,526</u>		<u>1,526</u>
 Total Revenues	 <u>\$ 104,919</u>	 <u>\$ 448,998</u>	 <u>\$ 553,917</u>
EXPENDITURES:			
Current-			
General Government	\$ 116,276	\$ -	\$ 116,276
Public Safety	10,012		10,012
Capital Outlay	<u>-</u>	<u>448,998</u>	<u>448,998</u>
 Total Expenditures	 <u>\$ 126,288</u>	 <u>448,998</u>	 <u>575,286</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (21,369)</u>	<u>\$ -</u>	<u>\$ (21,369)</u>
OTHER FINANCING SOURCES:			
Operating Transfers In	\$ 3,615	\$ -	\$ 3,615
Operating Transfers Out	<u>(3,225)</u>	<u>-</u>	<u>(3,225)</u>
 Total Other Financing	 <u>\$ 390</u>	 <u>\$ -</u>	 <u>\$ 390</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	   <u>\$ (20,979)</u>	   <u>\$ -</u>	   <u>\$ (20,979)</u>
Fund Balance-Beginning of Year	<u>(3,563)</u>	<u>-</u>	<u>(3,563)</u>
Fund Balance-End of Year	<u>\$ (24,542)</u>	<u>\$ -</u>	<u>\$ (24,542)</u>

The accompanying notes are an integral part of these financial statements.

Village of Clarence  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
For the year ended June 30, 2023

Net change in fund balance-governmental fund \$ (20,979)

Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. These timing differences are summarized below:

Deprecation Expense (1,078)

Change in net position per statement of activities  
at June 31, 2023 \$ (22,057)

The accompanying notes are an integral part of these financial statements.

Village of Clarence  
Proprietary Fund  
Statement of Net Position  
June 30, 2023

	Business Type Activities
<b>ASSETS:</b>	
Current Assets-	
Cash & Cash Equivalents	\$ 73,136
Revenue Receivable	12,956
Total Current Assets	\$ 86,092
Noncurrent Assets-	
Restricted Assets-	
Meter Deposits	\$ 6,951
Capital Assets	
Capital Assets (Net)	1,646,551
Total Noncurrent Assets	\$ 1,653,502
Total Assets	\$ 1,739,594
<b>LIABILITIES:</b>	
Current Liabilities-	
Accounts Payable	\$ 4,800
Noncurrent Liabilities-	
Payroll Tax Payable	\$ 18,233
Deferred Income-ARP Funds	56,108
Customer Deposits Payable	12,848
Total Noncurrent Liabilities	\$ 87,189
Total Liabilities	\$ 91,989
<b>NET POSITION:</b>	
Net Investment in Capital Assets	\$ 1,646,551
Unrestricted	1,054
Total Net Position	\$ 1,647,605

The accompanying notes are an integral part of these financial statements.

Village of Clarence  
Statement of Revenues, Expenditures, and Changes in Net Position  
Proprietary Fund  
June 30, 2023

	Business Type Activities
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 191,725
<b>OPERATING EXPENSES</b>	
Cost of Water	\$ 110,068
Depreciation	81,150
General & Administrative	34,601
Telephone/Utilities	12,130
Repairs & Maintenance	48,911
Total Operating Expenses	\$ 286,860
Operating Income (Loss)	\$ (95,135)
<b>NON-OPERATING REVENUES &amp; EXPENSES</b>	
Federal ARP Grant Funds	\$ 44,811
Miscellaneous Revenue	-
Total Non-Operating Revenues	\$ 44,811
<b>TRANSFERS &amp; CONTRIBUTIONS</b>	
Transfers from Other Funds	\$ 3,225
Transfers tp Other Funds	(3,615)
Total Transfers	\$ (390)
Change in Net Position	\$ (50,714)
Net Position-Beginning of Year	1,698,319
Net Position-End of Year	\$ 1,647,605

The accompanying notes are an integral part of these financial statements.

Village of Clarence  
Statement of Cash Flows  
Proprietary Fund  
For the year ended June 30, 2023

<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ 180,627
Cash Payments for Water	(99,597)
Cash Payments to Employees	(29,339)
Cash Payments to Suppliers for Goods and Services	<u>(35,470)</u>
Net Cash Provided by Operating Activities	<u>\$ 16,221</u>
<b>Cash Flow from Non-Capital Related Financing Activities:</b>	
Miscellaneous Income	\$ 44,811
Transfers to Other Funds	(3,615)
Transfers from Other Funds	<u>3,225</u>
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 44,421</u>
<b>Cash Flow from Capital Financing Activities:</b>	
Acquisition of Capital Assets	<u>\$ -</u>
Net Increase in Cash & Cash Equivalents	\$ 60,642
Cash & Cash Equivalents - Beginning of Year	<u>19,445</u>
Cash & Cash Equivalents - End of Year	<u>\$ 80,087</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income(Loss)	<u>\$ (95,135)</u>
<b>Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:</b>	
Depreciation	81,150
<b>Changes in Assets &amp; Liabilities:</b>	
(Increase) Decrease in Accounts Receivable	(11,098)
Increase (Decrease) in Accounts Payable	(10,471)
Increase (Decrease) in Non-Current Payables	5,074
Increase (Decrease) in Deferred Income	44,839
Increase (Decrease) in Customer Deposits	<u>1,862</u>
Total Adjustments	<u>\$ 111,356</u>
Net Cash Provided (used) by Operating Activities	<u>\$ 16,221</u>
<b>Cash Amounts:</b>	
Cash & Cash Equivalents-Water System	\$ 9,323
Cash & Cash Equivalents-Sewer System	\$ 7,705
Cash & Cash Equivalents-ARP Funds	\$ 56,108
Restricted Cash	<u>6,951</u>
Total Cash - Ending	<u>\$ 80,087</u>

The accompanying notes are an integral part of these financial statements.

# **NOTES TO THE FINANCIAL STATEMENTS**

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

Introduction:

The Village of Clarence, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and a Legislative branch consisting of three Aldermen.

This report includes all funds which are controlled or dependent on the Village of Clarence's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Clarence was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police, streets and drainage, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Clarence, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Clarence applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for water and sewer services.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains two funds. One is categorized as a governmental fund and one as a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Village are described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Fund-

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund is the Utility Fund.

The Village reports both funds as major.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activity's column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	5-15 years
Utility system and improvements	15-40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to customer deposits.

H. COMPENSATED ABSENCES-

There is no formal leave policy for the Village, therefore, no entry is made to record compensated absences. In addition, the Village does not provide employees benefits beyond employment.

I. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance deficit of \$(24,542). The Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

K. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

L. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

M. BUDGET-

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

N. RECEIVABLES-

All receivables are reported at their gross value. All accounts receivable are considered to be fully collectible.

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

P. SALES TAXES-

The Village collects sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated to construction, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers, recreational facilities, public parks, public buildings and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department, including purchase of equipment thereof, or for any one or more said purposes, title to which improvements shall be in the public.

2. Cash and Cash Equivalents:

The cash and cash equivalents of the Village are subject to the following risk:

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Village's name.

Bank account balances at June 30, 2023, totaled \$70,083, which were fully secured by FDIC Insurance.

3. Restricted Assets - Proprietary Fund Type:

Restricted assets of the Utility Fund were applicable to the following at June 30, 2023:

Customer's Deposits Account	<u>\$6,951</u>
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4. Litigation:

At June 30, 2023, there were no pending civil suits against the Village.

5. Compensation Paid to the Board of Aldermen:

Tamala Chatman	2,000
Kelsey Scheryl	2,000
Aretha McWright	<u>2,400</u>
Total	<u>\$6,400</u>

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

6. The following is a summary of receivables at June 30, 2023:

<u>Class of Receivable</u>	<u>Proprietary Fund</u>	<u>General Fund</u>
Water & Sewer Services	\$12,956	
Sales & Use Tax		\$3,780
Fines Fees		1,542
Franchise Fees		<u>3,197</u>
Total	<u>\$12,956</u>	<u>\$8,520</u>

7. Capital Assets:

Capital asset activity for the year ended June 30, 2023, is as follows:

<u>Governmental Activities</u>	<u>Balance 07-01-22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-23</u>
Capital Assets Depreciated-				
Building	\$ 46,751	\$ 0	\$ 0	\$ 46,751
Office Furniture, Fixtures & Equipment	39,410	0	0	39,410
Vehicles	<u>62,096</u>	<u>0</u>	<u>0</u>	<u>62,096</u>
Total Capital Assets	<u>\$ 148,257</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 148,257</u>
Less, Accumulated Depreciation-				
Building	\$ 45,673	\$ 1,078	\$ 0	\$ 46,751
Office Furniture, Fixtures & Equipment	39,410	0	0	39,410
Vehicles/Equipment	<u>62,096</u>	<u>0</u>	<u>0</u>	<u>62,096</u>
Total Accumulated Depreciation	<u>\$ 147,179</u>	<u>\$ 1,078</u>	<u>\$ 0</u>	<u>\$ 148,257</u>
Net Capital Assets	<u>\$ 1,078</u>	<u>\$ (1,078)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Depreciation expense was charged to the General Government function in the amount of \$1,078.

<u>Business-Type Activities</u>	<u>Balance 07-01-22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-23</u>
Capital Assets Depreciated-				
Building	\$ 10,465	\$ 0	\$ 0	\$ 10,465
Utility Systems	3,016,899	0	0	3,068,871
Vehicles	<u>13,330</u>	<u>0</u>	<u>0</u>	<u>13,330</u>
Total Capital Assets	<u>\$3,068,871</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$3,092,666</u>
Less, Accumulated Depreciation-				
Building	\$ 2,958	\$ 986	\$ 0	\$ 3,944
Utility Systems	1,348,677	80,164	0	1,428,841
Vehicles	<u>13,330</u>	<u>0</u>	<u>0</u>	<u>13,330</u>
Total Capital Assets	<u>\$1,364,965</u>	<u>\$ 81,150</u>	<u>\$ 0</u>	<u>\$1,446,115</u>
Net Capital Assets	<u>\$1,703,906</u>	<u>\$(81,150)</u>	<u>\$ 0</u>	<u>\$1,646,551</u>

Depreciation expense was charged to the Utility Fund function in the amount of \$81,150.

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

8. Related Parties:

The Village had no identified related party transactions for the year ended June 30, 2023.

9. Accounts Payable:

The following is a summary of accounts payable at June 30, 2023:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Vendors	\$ 2,168	\$4,800
Cash Overdraft	12,508	0
Salaries Payable	4,100	0
Payroll Tax Payable	<u>14,346</u>	<u>18,233</u>
Total	<u>\$20,614</u>	<u>\$23,033</u>

For periods prior to July 1, 2018, the Village was not able to make full payroll payments to the Board of Aldermen and the Chief of Police. The Village has been making payments on these backpay amounts, but still owed a balance of \$4,100 to the Board of Aldermen at June 30, 2023.

For the periods beginning July 9, 2016, through July 1, 2018, the Village did not make proper payroll tax payments. The Village has not been able to make payments to reduce the balances. The various taxing agencies have not been taking collection action against the Village. The Village is paying all current payroll tax amounts.

10. American Rescue Plan Act of 2021:

The Village has been awarded \$179,154 in federal grant assistance from the passage of the American Rescue Plan Act of 2021. \$89,650 was received on October 7, 2022. These funds are to be used for water system repairs and improvements. \$44,811 was recognized as income and spent in the Utility System during the year. The remaining \$56,108 is recorded as Deferred Income on the Utility System Statement of Net Position.

11. LCDBG Project:

The Village has been awarded \$454,000 in grant assistance from the Louisiana Community Development Block Grant Program. \$448,998 was received during the audit period. These funds are to be used for sewer system repairs and improvements. All amounts were recognized as income and spent in the Utility Fund during the year.

12. Subsequent Events:

Management has evaluated events through December 22, 2023, the date on which the financial statements were available for issue. There were no items to be reported as subsequent events.

Village of Clarence  
Notes to Financial Statements  
June 30, 2023

13. Contingencies:

On February 5, 2020, the Village was placed under Fiscal Administration and a Fiscal Administrator was appointed in accordance with Louisiana R. S. 39:1351-1357. The Village will remain under Fiscal Administration until it can be reasonably ascertained that it is fiscally stable and expected to remain so for a period of at least two years. At June 30, 2023, the Village has a negative unrestricted net position of \$24,542 in the General Fund.

Beginning in the month of December 2021, the Village's water system began losing excess amounts of water due to a leak. The Village purchases its' water and the monthly payments for water increased by almost double. The Village enlisted as much help as possible in locating the leak but was unable to do so until December of 2023. During this period, the Village's cash accounts were exhausted. The Village imposed an emergency interim rate increase in December of 2023, and it is hoped that the Village's financial health will improve for the year ended June 30, 2024.

14. Risk Management:

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Village maintains commercial insurance coverage for these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**PART II**

Village of Clarence  
General Fund  
Budgetary Comparison Schedule  
Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
Licenses & Permits	\$ 9,300	\$ 12,973	\$ 3,673
Taxes	52,550	51,111	(1,439)
Fines & Forfeits	14,500	13,074	(1,426)
Franchise Fees	25,000	26,235	1,235
Miscellaneous	300	1,526	1,226
Total Revenues	<u>\$ 101,650</u>	<u>\$ 104,919</u>	<u>\$ 3,269</u>
EXPENDITURES:			
Current-			
General Government	\$ 118,800	\$ 116,276	\$ 2,524
Public Safety	<u>11,350</u>	<u>10,012</u>	<u>1,338</u>
Total Expenditures	<u>\$ 130,150</u>	<u>\$ 126,288</u>	<u>\$ 3,862</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (28,500)</u>	<u>\$ (21,369)</u>	<u>\$ 7,131</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ 28,615	\$ 3,615	\$ (25,000)
Operating Transfers Out	<u>-</u>	<u>(3,225)</u>	<u>(3,225)</u>
Total Other Financing	<u>\$ 28,615</u>	<u>\$ 390</u>	<u>\$ (28,225)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 115	\$ (20,979)	\$ (21,094)
Fund Balance-Beginning of Year	<u>(3,563)</u>	<u>(3,563)</u>	<u>-</u>
Fund Balance-End of Year	<u>\$ (3,448)</u>	<u>\$ (24,542)</u>	<u>\$ (21,094)</u>

The accompanying notes are an integral part of these financial statements.



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**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With Government Auditing Standards**

Village of Clarence  
Clarence, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Village of Clarence, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village of Clarence's basic financial statements and have issued our report thereon dated December 22, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village of Clarence's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Clarence's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Clarence's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain significant deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Clarence's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Village of Clarence's Response to Findings**

The Village of Clarence's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village of Clarence's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village of Clarence's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kenneth D. Folden & Co., CPAs, LLC*

Jonesboro, Louisiana  
December 22, 2023

# **SUPPLEMENTAL INFORMATION**

Village of Clarence  
Clarence, Louisiana

Schedule of Findings and Questioned Costs  
For the year ended June 30, 2023

We have audited the basic financial statements of the Village of Clarence as of and for the year ended June 30, 2023 and have issued our report thereon dated December 22, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2023 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness       Yes     No      Significant Deficiencies       Yes     No

Compliance

Compliance Material to Financial Statements       Yes     No

B. Findings - Financial Statements Audit

Current Year

**Finding 2023-002 Internal Control Over Purchasing**

Criteria: Basic internal control procedures include 1) requiring a purchase order/requisition system prior to incurring expenses, 2) requiring signatures to document goods or services were received, and 3) requiring signatures by authorized personnel on all checks. These documents should be maintained by the Village of Clarence in paper or electronic form. The Village does not have a written policy or procedure for purchasing and disbursements.

Condition: We selected 50 disbursements randomly. The Village was not able to locate 13 of the 50 invoices requested for review.

Cause: None.

Effect: The Village of Clarence is not following basic internal control processes to ensure that expenses for the Village were documented and authorized.

Recommendation: The Village of Clarence should implement procedures to ensure that internal control processes are followed. In addition, the Village should adopt a policy for purchasing and disbursements.

Management Response: The Village of Clarence will implement written policies and procedures to ensure that expenses incurred by the Village are authorized and documented.

Prior Year

**Finding 2022-001 Compliance with Local Government Budget Act**

Criteria: For the year ended June 30, 2022, actual expenditures were more than budgeted expenditures by more than 5% variance allowed in the General Fund.

Status: This finding has been resolved.

Village of Clarence  
Clarence, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the year ended June 30, 2023

Leslie Oglesby Mayor		
Salary	\$	4,500
	\$	<u>4,500</u>

## Justice System Funding Schedule - Collecting/Disbursing Entity

### As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
<b>Entity Name</b>	Village of Clarence	
<b>LLA Entity ID #</b> (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2356	
<b>Date that reporting period ended</b> (mm/dd/yyyy)	6/30/2023	
	<b>First Six Month Period Ended 12/31/22</b>	<b>Second Six Month Period Ended 6/30/23</b>
<b>Cash Basis Presentation</b>		
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>	64	-
<b>Add: Collections</b>		
Civil Fees <i>(including refundable amounts such as garnishments or advance deposits)</i>	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	2,836	10,238
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other <i>(do not include collections that fit into more specific categories above)</i>	-	-
<b>Subtotal Collections</b>	<b>2,836</b>	<b>10,238</b>
<b>Less: Disbursements To Governments &amp; Nonprofits:</b> <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary. )</i>		
North Louisiana Criminalistics	-	-
Louisiana Traumatic Head and Spinal Cord Injury	-	75
Louisiana Commission on Law Enforcement	-	-
Louisiana Judicial College	5	-
Louisiana City Attorney	75	-
EPX	30	20
<b>Less: Amounts Retained by Collecting Agency</b>		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency -		
Village of Clarence - Criminal Fines - Other	2,790	10,143
<b>Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies</b>		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
<b>Subtotal Disbursements/Retainage</b>	<b>2,900</b>	<b>10,238</b>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	<b>-</b>	<b>-</b>
<b>Ending Balance of "Partial Payments" Collected but not Disbursed</b> <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</i>	<b>-</b>	<b>-</b>
<b>Other Information:</b>		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	-	1,542
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	-	-



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**Independent Accountant's Report on Applying Agreed-Upon Procedures**

To the Aldermen of Village of Clarence  
Clarence, Louisiana  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2022 through June 30, 2023. Village of Clarence's management is responsible for those C/C areas identified in the SAUPs.

Village of Clarence has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 01, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**1) Written Policies and Procedures**

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. Budgeting, including preparing, adopting, monitoring, and amending the budget.

Response: No written policy.

- ii. Purchasing, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

Response: No written policy.

- iii. Disbursements, including processing, reviewing, and approving,

Response: No written policy.

iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Response: No written policy.

v. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Response: Written policy excluding detail mention payroll processing, reviewing and approval of time and attendance, leave and overtime, and approval process for employee rates of pay and maintenance of pay rate schedules.

vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Response: No written policy.

vii. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Response: Written policy excluding allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers.

viii. Credit Cards (and debit cards, fuel cards, purchase cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Response: No written policy.

ix. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Response: Written policy excluding mention of R.S. 42:1111-1121 requirements.

x. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Response: No written policy.

xi. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Response: No written policy.

xii. Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Response: Written policy excluding mention of R.S. 42:342-344 requirements for annual training and reporting.

Exception: See above responses.

*Management's Response: The Village of Clarence will develop and adopt new policies and procedures to reflect the above requirements.*

## 2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Response: The board met monthly with a quorum.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Response: Meeting minutes reference discussion of amendment and adoption of new proposed budget, but not budget-to-actual comparisons.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Response: Meeting minutes do not reference discussion of negative ending unassigned fund balance.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Response: No prior year findings.

Exception: See above responses.

*Management's Response: None.*

## 3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Response: No written evidence that bank reconciliations were prepared within 2 months of the related statement closing date.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Response: No written signature/initials that bank reconciliations were reviewed by a member of management or Alderman, but discussion with the Fiscal Administrator revealed that the Aldermen do approve the reconciliation monthly.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Response: Bank Reconciliations do not include evidence outstanding items have been researched.

Exception: See above responses.

*Management's Response: The Village will document that bank reconciliations have been reviewed and research outstanding items.*

#### 4) Collections

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Response: Management provided a listing of collection locations and representation that listing is complete.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

i. Employees responsible for cash collections do not share cash drawers/registers;

Response: The clerk is responsible for collections and there is one cash drawer.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Response: The clerk prepares the deposit; however the mayor reviews and approves before deposit is made.

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

Response: The clerk collects cash and also records all collection entries in the accounting system and general ledger.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Response: The Village's accountant reconciles cash collections to the general ledger.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was in force during the fiscal period.

Response: All employees with access to cash are bonded or covered with insurance.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3a (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

Response: All eight deposits reviewed did not have sequentially pre-numbered receipts.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Response: All checks, receipts, and collection documentation were traced to the deposit slip.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Response: All deposit slips were traced to the bank statement.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Response: All deposits were made within one week of receipt at the collection location.

v. Trace the actual deposit per the bank statement to the general ledger.

Response: All deposits were traced from the bank statement to the general ledger.

Exception: See above responses.

*Management's Response: None.*

**5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Response: Management provided written policies and procedures.

B. For each location selected under procedure #5a above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Response: Employees initiates purchase requests, but the mayor and board reviews and approves.

ii. At least two employees are involved in processing and approving payments to vendors;

Response: The clerk processes the payments after the mayor and board approves the payments to vendors.

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Response: The clerk processes the payments and the mayor add/modifies vendor files.

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

Response: The mayor and board approve and sign all checks and gives to the clerk to mail.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Response: The mayor and board review and approves all electronic disbursements.

C. For each location selected under #5a above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

Response: Thirteen disbursements did not have a invoice or supporting documentation as backup.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5b above, as applicable.

Response: Nine disbursements did not show written evidence of initials/date to indicate segregation of duties.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3a, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Response: Electronic disbursements reviewed met all the above listed requirements.

Exception: See above responses.

*Management's Response: The Village will review procedures for retaining supporting documents for transactions.*

## **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

Response: The Village has no credit cards.

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, (or electronically approved), by someone other than the authorized card holder.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #7b above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Exception: See above response.

*Management's Response: None.*

## **7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

Response: The Village had no travel and travel-related reimbursements.

- i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policy and Procedures procedure #1a(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exception: See above response.

*Management's Response: None.*

## **8) Contracts**

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Response: No new or amended contracts were entered into during the fiscal period.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Exception: See above response.

*Management's Response: None.*

## 9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Response: Management provided a listing of all employees and officials employed during the fiscal period.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9a above, obtain attendance records and leave documentation for the pay period, and

i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory;

Response: All employees documented their daily attendance.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Response: All attendance and leave reviewed was approved by a supervisor.

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Response: No employees/officials selected for review had any leave accrued or taken.

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Response: Rate paid agrees with authorized salary/pay rate.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates in the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Response: No terminated employees.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Response: Management provided representation and documentation that all third-party payroll related amounts have been paid and forms have been submitted.

Exception: See above responses.

*Management's Response: None.*

## 10) Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9a obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Response: The required ethics training was not completed during the calendar year.

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Response: No changes in ethics policy.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Response: No ethics designee officially appointed.

Exception: See above responses.

*Management's Response: The Village will ensure that all employees complete ethics training as required. An ethics designee will be appointed.*

### **11) Debt Service**

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Response: No debt service.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Exception: See above response.

*Management's Response: None.*

### **12) Fraud Notice**

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Response: Management provided representation of no misappropriations of public funds and assets during the fiscal period.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Response: Fraud notice is posted on premises.

Exception: See above responses.

*Management's Response: None.*

### **13) Information Technology Disaster Recovery/Business Continuity**

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

Response: We performed the procedure and discussed the results with management.

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for testing/verifying backing up restoration) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9c. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Response: None.

Exception: See above responses.

*Management's Response: None.*

#### **14) Prevention of Sexual Harassment**

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9a, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Response: All employees/officials selected for review completed required sexual harassment training, excluding one.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Response: Sexual harassment policy is posted on premises.

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Response: The entity did not complete the annual sexual harassment report.

Exception: See above responses.

*Management's Response: The Village will complete the annual sexual harassment report timely.*

We were engaged by Village of Clarence to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Village of Clarence and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Kenneth D. Folden & Co., CPAs, LLC*

Jonesboro, Louisiana  
December 22, 2023

Village of Clarence  
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Phone: (318) 357-0440  
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December 22, 2023

Kenneth D. Folden & Co., CPAs, LLC  
302 Eighth Street  
Jonesboro, LA 71251

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period July 01, 2022 through June 30, 2023, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We acknowledge that we are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas (as applicable).  
Yes  No
2. For the fiscal period July 01, 2022 through June 30, 2023, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.  
Yes  No
3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.  
Yes  No
4. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.  
Yes  No
5. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.  
Yes  No
6. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2023, and December 22, 2023.  
Yes  No
7. We represent that the listing of bank accounts for the fiscal period that we provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.

- Yes  No
8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.
- Yes  No
9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.
- Yes  No
10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.
- Yes  No
11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.
- Yes  No
12. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, that we provided to you is complete.
- Yes  No
13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.
- Yes  No
14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.
- Yes  No
15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.
- Yes  No
16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.
- Yes  No
17. We represent that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines during the fiscal period.
- Yes  No
18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.
- Yes  No
19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.
- Yes  No

20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.

Yes  No

21. We are not aware of any material misstatements in the C/C areas identified in the SAUPs.

Yes  No

22. We have disclosed to you any other matters as we have deemed appropriate.

Yes  No

23. We have responded fully to all inquiries made by you during the engagement.

Yes  No

24. We have disclosed to you all known events that have occurred subsequent to June 30, 2023, that would have a material effect on the C/C areas identified in the SAUPs, or would require adjustment to or modification of the results of the agreed-upon procedures.

Yes  No

**The previous responses have been made to the best of our belief and knowledge.**

Signature Mark D. Thomas Date December 22, 2023

Title Fiscal Administrator

Signature Shirley Kilsby Date December 22, 2023

Title Aldermen



The Village of Clarence is an Equal Opportunity Provider